

---

---

P R E V I E W

---

---

**TO:** NAIC Members and Other Interested Regulators & Parties  
**FROM:** NAIC Committee Support Staff  
**DATE:** February 20, 2009  
**SUBJECT:** PREVIEW: Committee, Subcommittee and Task Force activity planned for the 2009 Spring National Meeting in San Diego California

---

Following is a summary of the activities planned for our upcoming national meeting. Descriptions are provided by NAIC committee support staff and should be used as a general reference, as they may not be a complete reflection of the considerations by committee members. The complete meeting program, with current meeting times and locations, can be found on the NAIC Meetings web page at:

[http://www.naic.org/meetings\\_home.htm](http://www.naic.org/meetings_home.htm)

**Special Note:** Included in this Preview, denoted in [red text], are the 2009 Task Force and Working Group changes to the Committee structure.

**JOINT EXECUTIVE (EX) COMMITTEE/PLENARY**

The **Joint Executive (EX) Committee/Plenary** will hear and consider adoption of reports from the Executive Committee and each of its seven (7) standing committees. The members will consider for adoption the Committee, Subcommittee, and Task Force minutes from the 2008 Winter National Meeting of December 5-8, 2008. Other agenda items expected to be discussed and considered for adoption includes:

- 2009 Amended Committee Charges
- Revisions to NAIC Bylaws
- Overview of Workers' Compensation Independent Contractor Regulatory Approach Guidelines
- Revised Uniform Applications adopted by the Market Regulation and Consumer Affairs (D) Committee
- Valuation of Securities Task Force Policy Statement on Transparency
- Life and Health Guaranty Association Model Act (#520)
- Property and Casualty Guaranty Association Model Act (#540)

To review models pending adoption, see NAIC website link:

[http://www.naic.org/index\\_committees.htm#pending\\_final\\_action](http://www.naic.org/index_committees.htm#pending_final_action)

---

<b>EXECUTIVE HEADQUARTERS</b>	2301 McGee Street, Suite 800	Kansas City, MO 64108-2662	p   816 842 3600	f   816 783 8175
<b>GOVERNMENT RELATIONS</b>	444 N. Capitol Street, NW, Suite 701	Washington, DC 20001-1509	p   202 471 3990	f   202 471 3972
<b>SECURITIES VALUATION OFFICE</b>	48 Wall Street, 6th Floor	New York, NY 10005-2906	p   212 398 9000	f   212 382 4207

---

The members will also hear progress reports regarding state implementation efforts of eight (8) recently adopted NAIC model laws or regulations will be heard. 1) Medical Professional Liability Closed Claim Reporting Model Law (# 77); 2) Model Regulation on the Use of Senior Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities (# 278); 3) Model Regulation to Define Standards and Commissioner's Authority for Companies Deemed to be in Hazardous Financial Condition (# 385); 4) Preneed Life Insurance Minimum Standards for Determining Reserve Liabilities and Nonforfeiture Values Model Regulation (#817); 5) Amendments to Viatical Settlements Model Act (#697); 5) Amendments to Implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act (#651); 7) Amendments to Long-Term Care Insurance Model Act – Section 9 Producer Training requirements (#640); and 8) Uniform Health Carrier External Review Model Act (#76).

### **EXECUTIVE (EX) COMMITTEE**

The **Executive (EX) Committee** will review and consider their amended 2009 Charges. Members will consider adoption of revisions to the NAIC Bylaws. They will hear and consider adoption of reports from the Internal Administration (EX1) Subcommittee; the Climate Change and Global Warming Task Force, Government Relations Leadership Council, International Insurance Relations Leadership Council, Military Sales Working Group, Speed to Market Task Force, SVO Initiatives Working Group; and **two (2) newly appointed task forces – Producer Licensing Task Force and Solvency Modernization Initiatives Task Force.**

The Committee plans to consider a model law classification request for purposes of amending the Risk-Based Capital for Health Organizations Model Act (#315). Members will hear updates on six (6) model laws or regulations currently under development: 1) Annuity Disclosure Model Regulation (#245) 2) Suitability in Annuity Transactions Model Regulation (# 275); 3) Standard Nonforfeiture Law for Life Insurance Model Law (#808); 4) Standard Valuation Model Law (#820); 5) Long-Term Care Insurance Model Regulation (#641) and 6) Derivatives Instrument Model Regulation (#282).

They will also hear reports from the National Insurance Producer Registry (NIPR) Board of Directors, the System for Electronic Rate and Form Filing (SERFF) Board and the Interstate Insurance Product Regulation (IIPRC) Commission.

The **Climate Change and Global Warming (EX) Task Force** will hear updates from two interim meeting conference calls regarding the progress of the Climate Risk Disclosure Working Group since its adoption of a Climate Risk Disclosure Survey. If the survey is adopted by the Task Force and Jt. Exec Cmte/Plenary, the survey would be effective in 2010 for the 2009 reporting year. The Task Force will continue its discussion about the need to develop a guidance document with specific sample responses for the survey, and the need to develop a prototype that illustrates exactly how regulators and the public would gain access to these surveys when filed.

The **Government Relations Leadership (EX) Council** is expected to receive an update on current federal issues, including briefings on the current state of implementation for the Emergency Economic Stabilization Act; a preview of potential regulatory modernization efforts, including the development of a systemic risk regulator; and an update on the National Flood Insurance Program and credit scoring.

The **International Insurance Relations Leadership (EX) Group** will not meet at the Spring National Meeting.

The **Producer Licensing (EX) Task Force** is a newly formed Executive Committee task force, which will hold its first meeting in San Diego and review the task force's purpose, charges and reporting structure. The three groups that will now report up to this task force are NAIC/Industry Producer Licensing Coalition, NARAB Working Group (**formerly an (EX) Committee Working Group**) and the Producer Licensing Working Group (**formerly under D Committee**).

The **Solvency Modernization Initiatives (EX) Task Force** is a new Executive Committee task force, which will have two working groups reporting up to them. They are the International Solvency and Accounting Working Group (**formerly under E Committee**) and the Principles-Based Reserving Working Group (**formerly an (EX) Committee Working Group**). Both of these working groups will meet at the spring national meeting to provide updates on their work and discuss the goals of the new reporting structure.

The **Speed to Market (EX) Task Force** will review changes to the task force's structure and associated working groups for 2009, appoint its 2009 working groups, review its amended 2009 charges and hear reports from three (3) working groups – the Interstate Insurance Product Regulation Commission (IIPRC), the SERFF Board and the Personal Lines Regulatory Framework Working Group. The task force may consider adoption of the proposed Personal Lines Regulatory Framework White Paper. The white paper draft is available on the NAIC website at: [http://www.naic.org/index\\_committees.htm#white\\_paper\\_development](http://www.naic.org/index_committees.htm#white_paper_development)

The **Internal Administration (EX1) Subcommittee** will plan to meet in executive session to discuss internal and administrative matters of the NAIC.

The **Information Systems (EX1) Task Force** (**formerly under H Committee**) plans to receive reports on key NAIC technology initiatives currently in progress:

- SERFF
- Security Framework Project/Technology Roll Out Plan (TROP) project
- State Based Systems (SBS)
- State Producer Licensing Reengineering (SPLR) project.

Review NAIC technology projects, which are new for 2009:

- National Catastrophe Model System: Proof-of Concept Study to Build National Multi-Peril Model (*Sponsor: Property & Casualty Insurance (C) Committee*)

- Support of Existing Market Conduct Annual Statement (MCAS) Process for 2008 Filing Year Including: Collection, Aggregation, Limited Analysis, and Reporting of National Ratios/Averages (*Market Regulation & Consumer Affairs (D) Committee*)
- Identification of Invested Risk Attributes in the Integrated Securities Information System (ISIS) (*Valuation of Securities (E) Task Force*)
- Application Development & Testing Productivity Tools 2009 (*Information Systems (EXI) Task Force*)

Review any proposed Information Systems Project Requests:

- A new NAIC website Search Engine tool (*sponsored by Internal Administration (EXI) Subcommittee*).

### **LIFE INSURANCE AND ANNUITIES (A) COMMITTEE**

The **Life Insurance and Annuities (A) Committee** will appoint its 2009 working groups, review and consider adoption both amended 2009 charges and reports from its working groups and subgroups.

The *Suitability of Annuity Sales (A) Working Group* will continue its discussion of proposed revisions to the NAIC Suitability in Annuity Transactions Model Regulation. The *Annuity Disclosure (A) Working Group* will likely finalize revisions to the NAIC Annuity Disclosure Model Regulation related to its scope; continue its discussion on revisions to the Disclosure Model regarding guaranty fund coverage; and continue discussion on the use of illustrations in the sale and solicitation of fixed annuities. The *Indexed Annuities (A) Working Group (formerly an (EX) Working Group)* will provide an update on the nationwide data call issued December 1, 2008. The purpose of the data call was to obtain additional detail information on the sales and marketing practices of insurance companies that sell indexed annuity products. The *Consumer Guides (A) Subgroup* will update the Committee on its progress with revising the Annuity Buyer's Guides. The Subgroup has finalized the updated guide for fixed annuities and is now working on new consumer guides for fixed indexed annuities and variable annuities.

### **HEALTH INSURANCE AND MANAGED CARE (B) COMMITTEE**

The **Health Insurance and Managed Care (B) Committee** will hear and consider adoption of reports from its Task Forces on their activities.

The **Regulatory Framework (B) Task Force** anticipates continuing its work to finalize the survey instrument being used to obtain information from companies and state insurance departments concerning rescission and preexisting condition exclusion determinations. The data obtained from the survey will be used to develop an informational paper on these issues. The task force may review an initial draft of revisions to a few NAIC models related to provisions contained in the Genetic Information and Nondiscrimination Act of 2008 (GINA). The task force will also hear the report of the *ERISA (B) Subgroup*.

The **Senior Issues (B) Task Force** will discuss implementation of recent changes to Medigap plans and benefits, whereby States must implement changes to the model regulation in order to implement the NAIC Medicare Supplement Insurance Minimum Standards Model Act as required by Genetic Information Nondiscrimination Act of 2008 (GINA), no later than July 1, 2009. States must also implement changes to the model regulation pursuant to the Medicare Improvements for Patients and Providers Act (MIPPA) by Sept. 24, 2009. The task force will receive updates from representatives of the Centers of Medicare and Medicaid Services (CMS), including progress on the implementation of an information-sharing Memorandum of Understanding (MOU) with CMS, as well as discussion on the Medicare Advantage plan and Prescription Drug Plan marketing oversight. The members will receive an update on states' implementation of the Long-Term Care Insurance Partnership Program. The task force will also hear an update from the *Long Term Care External Review (B) Subgroup* on its progress to revise the NAIC's Long Term Care Insurance Model Regulation, in order to provide for an external review for when long term care insurance benefits trigger determinations. The *Jurisdictional and Extraterritorial Issues (B) Subgroup* will present for consideration, the State Jurisdictional and Extraterritorial Issues White Paper: States' Treatment of Regulatory Jurisdiction Over Single-Employer Group Health Insurance. The white paper draft is available on the NAIC website at: [http://www.naic.org/index\\_committees.htm#white\\_paper\\_development](http://www.naic.org/index_committees.htm#white_paper_development)

#### **PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE**

The **Property and Casualty Insurance (C) Committee** will appoint its 2009 working groups, consider any amended 2009 charges, and hear reports to consider for adoption from its task forces and working groups.

The committee members will discuss how to proceed with evaluation of a contract certainty proposal, similar to that developed by the New York State Insurance Department and consider concerns raised by the reinsurance industry. The committee will also receive an update on negotiations regarding the ACORD Form 28 (a proof-of-insurance form for commercial policyholders). The contract certainty issue and the ACORD issue are interrelated as they both deal with providing the business and lien-holders with certainty regarding the overages provided by the insurer to the policyholder. Mortgage lenders have been concerned about changes made to ACORD Form 28 that make it less helpful than prior editions of the form.

The committee will discuss the recent report by the Insurance Research Council indicating an increase in the number of uninsured motorists. Regulators are concerned that the economy might be pushing people to forego required auto insurance coverage. The committee may also receive information on a new product that warns drivers approaching a stoplight and sends an audible signal so driver is alerted to approaching hazard.

The members will receive information on progress related to the development of a public catastrophe model regulation. They will consider comments received from interested

parties on the white paper, *Natural Catastrophe Risk: Creating a Comprehensive National Plan*. The committee could entertain a motion to adopt the report during this meeting. The white paper draft is available on the NAIC website at: [http://www.naic.org/index\\_committees.htm#white\\_paper\\_development](http://www.naic.org/index_committees.htm#white_paper_development)

The **Casualty Actuarial and Statistical (C) Task Force** will hear a presentation from Thomas Cohen of the Bureau of Justice Statistics (BJS) about their report "Civil Bench and Jury Trials in State Courts, 2005". They will also continue discussions of premium deficiency reserves and hear reports on subgroup activities concerning catastrophe modeling, line of business definitions, workers compensation large deductibles, and statistical reporting.

The *Crop Insurance (C) Working Group* is concerned with the inevitable preemption of crop insurance adjuster licensing. Congress, through the Risk Management Agency (RMA), could preempt states on a state-by-state basis beginning July 1, 2012. An all-state survey conducted by NAIC staff assessed each responding insurance department's feedback on whether they could allow a third party to test crop adjusters to obtain a license. At present it appears 12-15 states can be preempted. The working group will focus on working with these identified states, to deter preemption of crop insurance adjuster licensing and help states in any manner they can, including enacting legislation.

The *Earthquake (C) Study Group* will hear a presentation by Glenn Pomeroy, California Earthquake Authority regarding efforts to educate and persuade Californians to purchase earthquake insurance coverage. The Study Group will also discuss the development of a work plan, including the possibility of developing regional approaches to dealing with earthquake issues.

The **Surplus Lines (C) Task Force** met by conference call Jan. 28, 2009. The task force formed a working group to study the feasibility of establishing a clearing house for allocating multi-state surplus lines premium taxes. The task force will not meet during the Spring National Meeting.

The *Title Insurance Issues (C) Working Group* met by conference call Jan. 28, 2009 to discuss their proposal for the Blanks (E) Working Group to consider adoption of a State Page, including instructions, for the Title Insurer Annual Statement. The working group anticipates that Title companies would begin reporting annual data for the 2010 calendar year. The Working Group plans to submit its proposed State Page to the Blanks working group during the 2009 Summer National meeting.

The **Workers' Compensation (C) Task Force** will receive reports from its working groups and receive an update on Medicare secondary payer issues from the National Council on Compensation Insurance (NCCI). Updates are to be provided on progress to complete the draft TPA Guidelines, activities of the Independent Contractor Trucking Issues Focus Group, and activities of the PEO Guidelines Implementation Paper Drafting Group.

## **MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE**

The **Market Regulation and Consumer Affairs (D) Committee** will review changes to the structure of the committee and associated task force and working groups. They will appoint the 2009 working groups, which will include the appointment of the **Special Accreditation Standards (D) Working Group**, and the renaming of some working groups. They will review any amended 2009 charges and hear reports from their task force and working groups. The Committee will also continue its discussion on the centralized data collection of the Market Conduct Annual Statement.

The **Antifraud (D) Task Force** will discuss comments received on the draft Antifraud Plan Guideline, as well as review an updated draft of the proposed Guideline. Members will also discuss comments and propose revisions to the 18 USC 1033 Guidelines.

The **Consumer Connections (D) Working Group** (formerly the Consumer Protections & Innovations (D) Working Group); the **Market Actions (D) Working Group** (formerly the Market Analysis (D) Working Group); and the **Market Conduct Examination Standards (D) Working Group** (formerly Market Regulation Handbook (D) Working Group) have been renamed and will be discussed during the D Committee meeting in San Diego.

The **Market Analysis Procedures (D) Working Group** (formerly the Market Analysis Priorities (D) Working Group) plan to review their work plan to implement the adopted Complaint Codes into the NAIC Complaint Database System (CDS); discuss progress on updates to both the CDS Coding Manual and the Market Conduct Annual Statement (MCAS); and receive a progress report on the automation of the Market Analysis Review System (MARS).

The **Producer Licensing Working Group** has been moved under the Executive Committee, reporting to the newly formed **Producer Licensing (EX) Task Force**.

The **Special Accreditation Standards (D) Working Group** plans to discuss the proposed Market Regulation Accreditation Program, which is to provide a process whereby state regulators can objectively monitor and enhance the market conduct of their regulated entities in the insurance marketplace. The areas for inclusion include data collection and reporting, market analysis, market conduct examinations, interstate collaboration, oversight of contractors and treatment of confidential information.

## **FINANCIAL CONDITION (E) COMMITTEE**

The **Financial Condition (E) Committee** will review changes to the committee's structure and its associated task forces and working groups; appoint its 2009 working groups; review any amended 2009 charges, and hear and consider for adoption reports from its task forces and working groups.

The **Accounting Practices and Procedures (E) Task Force** will meet to review the outstanding issues of the Emerging Accounting Issues Working Group and consider the maintenance agenda of the Statutory Accounting Principles Working Group.

The *Blanks (E) Working Group* will meet to hear the reports of its subgroups and review changes to procedures and guidance for the reporting of Annual Statement Blank's Schedule D, Part 1A, Sections 1 and 2. Previously exposed and newly submitted items for comment will be reviewed by the working group, as well as the editorial listing.

The **AIG Special (E) Task Force and Credit Default Swap (E) Working Group** (both formerly under (EX) Committee) will not meet at the Spring National Meeting, but will be discuss during the E Committee meeting in San Diego.

The **Capital and Surplus Relief (E) Working Group** (formerly under (EX) Committee) will meet to report the progress of its charges since its formation in 2008.

The **Capital Adequacy (E) Task Force** and its *Life Risk Based Capital (E) Working Group* are both scheduled to meet during the Spring National Meeting.

The **Examination Oversight (E) Task Force** will meet to discuss their 2009 charges, hear the reports from their working groups and discuss the Model #385 survey results.

The *NAIC/AICPA (E) Working Group* will hear an update on recent AICPA activities and actions; receive an update on the state's adoption of the Model Audit Rule Revisions; and announce details of an upcoming NAIC Model Audit Rule webinar.

The **Rating Agency (E) Working Group** will hold its first meeting since being recently formed by the committee. The working group is expected to discuss its charge and begin to develop a plan for addressing the charge.

The **Risk Retention Group (E) Task Force** will receive an update on NAIC Work Related to Captives and continue its dialogue of Part B: Regulatory Practices and Procedures Standards.

The **Receivership and Insolvency (E) Task Force** and **Reinsurance (E) Task Force** and **Valuation of Securities (E) Task Force** will meet to provide reports on their progress since the 2008 Winter National Meeting.

#### **FINANCIAL REGULATION STANDARDS AND ACCREDITATION (F) COMMITTEE**

The **Financial Regulation Standards and Accreditation (F) Committee** will discuss revisions made to NAIC publications that are referenced in the accreditation standards, such as the NAIC Accounting Practices and Procedures Manual and the NAIC Financial Condition Examiners Handbook. The Committee will also discuss those models for which a one-year exposure period just ended, including the Insurer Receivership Model Act and the Annual Financial Reporting Model Regulation. The Committee will consider the recent revisions to the Model Regulation to Define Standards and Commissioner's

Authority for Companies Deemed to be in a Hazardous Financial Condition. Finally, the Committee will discuss the applicability of the risk-focused examination approach to risk retention groups incorporated as captive insurers.

### **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE**

The **International Insurance Relations (G) Committee** will discuss NAIC leadership roles at the *International Association of Insurance Supervisors* (IAIS), including: 1) new work being undertaken on a “new focus” for the organization and 2) NAIC’s advocacy of a comprehensive review of the “role and structure” of the IAIS in global standard setting for the insurance sector. The members also plan to discuss work updates of the IAIS Triannual meetings, including a hearing on group supervision, disclosure, and capital standards, and the recent Insurance Regulatory Dialogue with Switzerland. The Committee will receive a report on the *Joint Forum’s* work on credit rating agencies, off balance sheet items, and risk concentrations, aggregations and modeling. The Committee will receive an update on the plan for the NAIC Spring International Internship Program. There will be reports on the NAIC’s response to the *Financial Stability Forum’s* (FSF) request for “supervisory colleges” to be established for major U.S. insurance conglomerates, and the NAIC’s coordination related to the insurance sector, as input to the Financial Sector Assessment Program (FSAP) which the International Monetary Fund will conduct on the entire U.S. financial system in 2009-2010.

### **Life and Health Actuarial Task Force**

The **Life and Health Actuarial Task Force** will consider adoption of the modifications to the Standard Valuation Model Law (#820), which will allow principle-based reserve methodology to be used and authorize a valuation manual. The Task Force will also discuss the various sections of the valuation manual, especially VM-20, the requirements for principle-based reserves on life insurance products. There will be a discussion of a net premium reserve method to be added to VM-20. The *Accident and Health Working Group* will discuss modifications to the Medicare Supplement refund formula.

### **Interstate Insurance Product Regulation Commission (IIPRC)**

The **IIPRC** and its Management Committee will convene just prior to the NAIC Spring National Meeting to receive reports from standing committees in the areas of communications, product standards, rulemaking and technology. The IIPRC Audit Committee will offer a report, and the audit of the Commission's 2008 financial statements will be presented. The IIPRC will consider the adoption of four (4) uniform product standards, discuss potential changes to the "mix and match" filing framework and review the status of the individual long term care insurance suite of uniform standards.

### **National Insurance Producer Registry Board of Directors (NIPR)**

The **NIPR Board of Directors** will convene just prior to the NAIC Spring National Meeting to receive a quarterly report on NIPR Financials, Transaction Volumes, User Participation and the State Implementation Plan (SIP);

### **System for Electronic Rate & Forms Filing Board (SERFF)**

The **SERFF Board** will receive reports on SERFF product development and system enhancements; marketing and promotion efforts regarding insurance company licensee activity, rate & form filing counts, event attendance and tutorial offerings; states' progress on the implementation of Speed to Market (S2M) initiatives within the SERFF product; an update on SERFF financials; and progress on the SERFF Electronic Funds Transfer (EFT) Survey.

### **NAIC/Consumer Liaison Committee**

The **NAIC/Consumer Liaison Committee** plans to prepare an agenda the week of February 23<sup>rd</sup> that represents consumers' priority issues, for discussion with regulator consumer liaison members in San Diego.

### **NAIC/Industry Liaison Committee**

The **NAIC/Industry Liaison Committee** plans to discuss 1) the collection of market conduct annual statement data (MCAS) and the transition of the MCAS process to the NAIC during 2008–2009. Industry liaison representatives will present their concerns about the process and protection of the data and confidentiality foreseen by the collection of MCAS data; 2) the NAIC natural catastrophe model system analysis, 3) the SVO Initiatives (EX) Working Group's research on establishing a NAIC-affiliated rating agency, 4) disaster reporting and 5) insurance company capital reserve requirements.

### **NAIC/State Government Liaison Committee**

The **NAIC/State Government Liaison Committee** is expected to discuss issues of common interest of participating state officials. NAIC will provide an update on important regulatory initiatives and emerging federal issues, such as a systemic risk regulator, and legislators will provide their insight to state legislative priorities. In particular, we anticipate regulators and legislators to dialogue on the success of the Interstate Insurance Product Regulation Compact, the Market Conduct Annual Statement activity, and the Capital and Surplus Relief Proposal.